

GENERAL FUND FINANCING

County general fund operations are financed with four major types of financing sources: departmental revenue, Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue.

Departmental revenue includes fees, service charges, and state and federal support for programs such as welfare, health care, and behavioral health. Proposition 172 revenue is restricted and is used solely for financing the Sheriff, District Attorney, and Probation departments. Realignment revenue is also restricted and used in financing mental health, social services and health programs within the County.

The balance of departmental costs not funded by departmental revenue, Proposition 172 revenue, and/or Realignment revenue is considered local cost. Local cost is funded by countywide discretionary revenue, which is primarily property tax revenue.

Any countywide discretionary revenue not distributed to departments via local cost is placed in contingencies. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and reserves for two purposes. One is to ensure that the county can accommodate unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the county. The second purpose is to be proactive and set aside funds to meet future known obligations or to build a reserve for large capital projects.

The following sections describe the economic indicators that are factored into the County's financing plan, a brief overview of the State budget, and more importantly, how the State budget impacts the County's primary categories of service (health, safety, well-being, and quality of life). Additionally, details related to Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue, as they relate to financing general fund departments, are presented. Furthermore, detailed information is included on the contributions and uses of county general fund contingencies and reserves for 2006-07 and the proposed contributions and uses of general fund contingencies and reserves for 2007-08.

ECONOMIC INDICATORS

San Bernardino County is part of an Inland Empire economy that is one of the strongest in the U.S. In 2006, the area added 48,150 jobs (up 3.9%) or 22% of those created in California. For the first seven months of 2007, the State put the growth at 41,800 jobs indicating that the strength continues despite the recent slowdown in home construction. In fiscal year 2006, San Bernardino County's retail sales totaled \$31.2 billion, up 11.9%. That was well above the 7.4% growth in the State. The County's per capita sales of \$15,840 compared to the State's average of \$15,245. The high retail sales levels are, in part, the result of the region's low living costs for a Southern California area. The median family income in 2006 was estimated at \$58,073, putting it above Los Angeles County (\$56,930) but below California (\$64,563). However, after one year's amortization on the mortgage for the median home, the disposable income remaining in San Bernardino County is \$34,817 versus \$31,101 in Orange County and \$18,218 in Los Angeles County.

Finally, San Bernardino County's assessed valuation is up 15.9% for fiscal year 2008 or \$23.8 billion. This was the second largest growth rate and largest absolute increase in the County's history. While home construction has slowed, other real estate sectors have not. Commercial developers are well behind meeting the needs of past population growth. Office operations are now migrating inland to meet the demands of the area's 4.1 million people. There is 2.4 million square feet under construction in San Bernardino County (19.4% of Southern California's total). There is 15.9 million square feet of industrial under construction in the County (51.9% of Southern California's total) as it expands in concert with the need for facilities to handle the rising volumes of imports through Southern California's ports.



STATE OF CALIFORNIA'S BUDGET

The 2007 Budget Act signed by Governor Schwarzenegger on August 24, 2007, includes the largest reserve of any budget act in the State's history. The May Revision proposed a total reserve of \$2.2 billion. Due to the shortfall in revenue collections that came to light in June, and in recognition of the state's continuing structural deficit and other potential threats, the Legislature took actions to reduce spending and increase funds available, thereby increasing the total reserve to an unprecedented \$3.4 billion. The Governor further reduced spending with \$703 million in General Fund vetoes, raising the total reserve to \$4.1 billion. As a result, General Fund spending growth in this budget is held to \$0.6 billion, or 0.6 %.

Despite the modest year-over year increase in General Fund spending in the Budget Act, it still fully funds K-12 education (providing a 3.4 % increase in per pupil spending from all funds), law enforcement and the Governor's compacts with higher education and the judiciary. It also continues the commitment to reform the state's prison system by reducing recidivism, improving prison health care and reducing overcrowding. The Budget Act also continues the commitment to improve the state's critical infrastructure through prudent use of the general obligation bonds authorized by the people in 2006.

Source: The California Department of Finance

STATE IMPACT TO THE COUNTY'S ADOPTED BUDGET

Health

Department of Behavioral Health- Integrated Services for Homeless Adults, AB 2034

The 2007-08 Budget Act eliminated the entire \$54.8 million of state funding for the Integrated Services for Homeless Adults with Severe Mental Illness Program. The elimination of this program will result in a \$1,034,000 decrease in funding for the Department of Behavioral Health (DBH). The California Mental Health Director's Association is working with DBH to explore one-time funding sources to fund 2007-08 expenses related to this program. DBH anticipates funding these program expenses in future years through Realignment and/or salary and contract savings.

Department of Behavioral Health and Probation Department – Proposition 36

The 2007-08 State Budget Act reduces available Proposition 36 (The Substance Abuse and Crime Prevention Act of 2000) funding. Proposition 36 programs are operated through both DBH and the Probation Department. The overall reduction to county Proposition 36 programs is \$1.5 million, which includes a reduction of approximately \$886,000 to DBH and approximately \$644,000 to Probation. DBH and Probation will utilize Offender Treatment Plan (OTP) fund balance of \$1,303,642 to replace the majority of this year's loss of funding. DBH will use salary savings and increased client fees to cover the net reduction in revenue of approximately \$70,000. The net reduction in revenue to Probation of approximately \$160,000 will result in the reassignment of one vacant probation officer and one office assistant. The Proposition 36 Steering Committee will continue to plan for 2008-09 reductions.

Department of Public Health – Outreach, Enrollment, Retention, and Utilization Program

For 2007-08, the Governor line-item vetoed \$34.6 million in funding for the Outreach, Enrollment, Retention and Utilization Program. The State Budget Act of 2006 appropriated funds to the California Department of Health Services (DHS) to increase the number of children enrolled and maintained in Medi-Cal and Healthy Families. DHS allocated these funds to counties to conduct activities targeted at low income families with uninsured children during 2006-07, 2007-08, and 2008-09. The reduction for the current fiscal year constitutes a revenue loss to the County of \$2.0 million. As a result of this loss, the Department will forego all planned expenditures related to this program, including countywide advertising and subcontractor agreements for outreach activities. Additionally, the Department will reassign all filled positions to existing vacancies within the Department.



Department of Public Health – Local Public Health Funding

The 2007-08 Budget Act cuts allocations to local public health departments for local pandemic influenza preparedness and response planning by \$8.5 million. This funding first became available to local jurisdictions upon approval of SB 490, passed in May 2006. This cut constitutes one-half of the allocation originally included in the budget, resulting in a revenue loss to the county of \$215,000. As a result of this loss, the Department will reduce planned expenditures, including purchase of small equipment, vaccines, and contracted training.

Safety

District Attorney and Sheriff – Indian Gaming Special Distribution Fund

The 2007-08 State Budget Act eliminated funds for the Indian Gaming Special Distribution Fund because a state audit questioned whether some funds were going to projects with little connection to casino impact. Funds allocated from this grant are issued to eligible recipients at the end of each fiscal year and are applied as revenue in the following fiscal year. The District Attorney's Office and Sheriff's Department received a disbursement in June of 2007 for 2007-08 expenses. This disbursement should not be impacted by the present budget action. However, if the Indian Gaming funds are not restored by legislative action, the impact to the District Attorney's Office and Sheriff's Department in 2008-09 will be approximately \$200,000 and \$475,000 respectively. The Sheriff's allocation offsets approximately 35% of the patrol costs at San Manuel Indian Gaming and Bingo. In addition, the Sheriff contracts directly with San Manuel for the remaining costs. It is possible that the impact to the Sheriff's Department would be mitigated by an increase in that contract. Meanwhile, there has been legislative action taken to restore this fund (SB 493), but it has been delayed until the next legislative session in January. With this delay, there are concerns that the bill may become wrapped into larger Indian Gaming issues. There is also concern that even if the fund is restored in January or later, it will be difficult for counties to process the grant.

District Attorney – California Witness Protection Program (CWPP)

The recent passage of Senate Bill 82 (SB 82) regarding the CWPP includes language that will require a 25% local match on all claims submitted for payment by the CWPP. In 2006-07, the District Attorney's Office paid out \$64,661 in CWPP claims and is expecting this amount to increase significantly in 2007-08. The 25% match will increase the District Attorney's operating expense budget by approximately \$20,000. This additional cost will be absorbed within the District Attorney's Office existing budget allocation and will not require any additional General Fund financing.

Probation and Public Defender– Juvenile Justice Realignment (SB 81)

Senate Bill 81 transfers State responsibility for certain non-violent juvenile offenders (offenders not included in Welfare and Institutions Code Section 707 (b)) to the control and supervision of counties. The Probation Department initially anticipates taking responsibility for the management of 10 additional offenders due to this change and expects an additional 2 to 3 offenders per month on an ongoing basis. Probation will manage these offenders either in juvenile hall or a placement facility. In addition, the Department will be refurbishing 20 beds at Central Juvenile Hall as a result of this change. For this transfer of responsibility, the Probation Department will receive approximately \$1.6 million in Juvenile Justice Realignment Funding from the State in 2007-08. State funding for this realignment will increase to approximately \$6.8 million by 2009-10 and remain static thereafter.

As a result of SB 81, the Public Defender's Office would be responsible to include in its caseload this population in the event non-violent juvenile offenders remain incarcerated or released on probation/paroled as outlined by this legislation. The caseload and staff costs associated with the legislation are difficult to project at this time.

Sheriff's Department – Booking Fee Alternative and AB 900

The Booking Fee Alternative will provide approximately \$3.4 million in revenue to offset the collection of booking fees. This detention facilities revenue will replace local cost in the Sheriff Department's budget. Details surrounding jail construction funding approved in AB 900 will be released at a future date. A 25% match will be



required for facilities approved for construction, and priority funding consideration will be given to counties that provide a site for construction of a 500-bed state prisoner reentry facility.

Well-Being

Department of Workforce Development and Economic Development - Dislocated Worker, Adult, and Youth Allocations

As a result of the State's 2007-08 Budget Act, the county's Department of Workforce Development (DWD) will receive a reduction in funding in the amount of \$920,581. This reduction is primarily due to a 15% decrease for the Dislocated Worker allocation and at least a 4% decrease in both the Adult and Youth allocations that the State of California received from the Department of Labor for Program Year 2007-08. Since business services are provided by the County's Department of Economic Development (ED) on behalf of DWD, these budget reductions will also directly impact ED's budget by approximately \$250,000. Both departments plan to address this reduction chiefly through the elimination of vacant budgeted positions.

Human Services Group – Various Social Services

Funding from the State for Social Services provided by the County has remained level in 2007-08. Originally the State Budget Act allocated an additional \$12.0 million for Adult Protective Services, which would have resulted in an additional \$1.0 million for the county. Additionally, the Governor originally proposed providing annual increases to county funding equivalent to the salary and benefit increases provided to the state employee Bargaining Unit 1. Both of these increases were removed from the final State Budget Act. Finally, the Governor vetoed \$23.0 million that would have funded county hardware replacement and help desk staff in human services administration. This will result in a decrease of \$150,000 to the county. As costs continue to increase each year and allocations remain flat, it becomes more difficult for the Human Services Group to run the programs they are mandated to provide.

Quality of Life

County Library – Public Library Fund and Inter Library Loan Reimbursement

The County Library expects to lose approximately \$300,000 in state aid with the Governor's cuts. For 2007-08, the Library estimated receipt of \$665,000 from the Public Library Fund. The revised estimate is \$447,000 – a reduction of \$218,000. The Library estimated it would receive \$295,000 in Inter-Library Loan Reimbursement. However, the revised estimate is \$215,000, which is a reduction of \$80,000.

Other

Mandate Reimbursement Delay

The Mandate Reimbursement Delay will affect the manner in which the state reimburses local governments through the Senate Bill 90 (SB 90) process. Departments who provide SB 90 services are afforded the opportunity to secure full reimbursement for programs mandated by the state. Funds for SB 90 services will not be eliminated and should not impact departmental budgets; however, a change to the reimbursement process will take effect in 2007-08. Current practice has been to reimburse an estimated amount for the current budget year, and then true up to the actual in the next budget year. The new process permits the state to delay mandate reimbursements until the year after the mandate has been performed, deferring payment for current year costs to the next fiscal year. The only mandate payments included in the budget are the true up amounts for mandates performed in 2006-07.



PROPOSITION 172

Proposition 172 (Prop 172), which became effective January 1, 1994, placed a one-half percent sales tax rate in the state's constitution and required that revenue from the additional one-half percent sales tax be used only for local public safety activities, which include but are not limited to sheriff, police, fire protection, county district attorney, and county corrections. Funding from Prop 172 enabled counties and cities to substantially offset the public safety impacts of property tax losses resulting from the state property tax shift to the Educational Revenue Augmentation Fund (ERAF).

The one-half percent sales tax imposed by Prop 172 is collected by the state and apportioned to each county based on its proportionate share of statewide taxable sales. Pursuant to Government Code 30055, of the total Prop 172 revenue allocated to San Bernardino County, 5% is distributed to cities affected by the property tax shift and 95% remains within the county.

On August 22, 1995, the County of San Bernardino Board of Supervisors approved the recommendation that defined the following departments as the public safety services designated to receive the county's 95% share of Prop 172 revenue, consistent with Government Code Section 30052 and authorized the Auditor/Controller to deposit the county's portion of the Prop 172 revenue as follows:

➤	Sheriff	70.0%
➤	District Attorney	17.5%
➤	Probation	12.5%

Prop 172 revenue currently presents a significant funding source for the Sheriff, District Attorney, and Probation Departments. Each year, as part of the budget development process, projections of Prop 172 growth are developed based on staff analysis of revenue trends and forecasts provided by outside economists.

Growth in Prop 172 revenue is used first to fund mandated cost increases in these departments, including MOU, retirement, worker's compensation and insurance costs. In most years, the mandated cost increases consume the vast majority of Prop 172 revenue growth and all Prop 172 revenue is distributed to the designated departments for those increased costs.

In some fiscal years, actual Prop 172 revenue exceeds budgeted amounts and is considered excess Prop 172 revenue. All excess Prop 172 revenue is set aside in a restricted financing fund by department and is available to meet other high priority needs as recommended by the department and approved by the Board of Supervisors.

On February 13, 2007, the Board of Supervisors approved a policy which requires the county to maintain an appropriation for contingency for Prop 172 funds targeted at no less than 10% of the current year's budgeted revenue. This 10% contingency was created to ensure funding for these public safety departments should the county experience Prop 172 revenue shortfalls in the future. These contingencies will be maintained in the respective department's restricted financing fund.

The chart below illustrates the beginning fund balance and ending fund balance of each restricted financing fund by department as well as projected 2007-08 revenue, including interest, and planned 2007-08 expenditures from this fund.

	Beginning Fund Balance (AAG)	2006-07 Unprocessed Departmental Usage	2007-08 Budgeted Revenue	2007-08 Budgeted Departmental Usage	Estimated Ending Fund Balance	10% Contingency Target	Excess/(Shortfall) in Contingency Target (AAG)
Sheriff	7,507,656		117,950,000	(116,150,000)	9,307,656	11,795,000	(2,487,344)
District Attorney	5,103,368	(1,710,095)	29,487,500	(29,312,500)	3,568,273	2,948,750	619,523
Probation	3,546,363		21,062,500	(20,937,500)	3,671,363	2,106,250	1,565,113
Total	16,157,387	(1,710,095)	168,500,000	(166,400,000)	16,547,292	16,850,000	(302,708)



Prop 172 budgeted revenue and interest for all three departments in 2007-08 is \$168.5 million (\$167.5 million in Prop 172 receipts and \$1.0 million in interest revenue). The applicable department's budgeted appropriation is \$166.4 million primarily due to funding mandated costs. The 2007-08 ending fund balance for departments is estimated at \$16.6 million.

The Sheriff's Department currently does not have sufficient Prop 172 revenues in their restricted financing fund to meet their 10% targeted contingency amount of approximately \$11.7 million. The County Administrative Office has developed a five-year plan to ensure that the 10% contingency is reached for the Sheriff Department and in 2007-08, the Sheriff's Department will set-aside \$1.1 million of their ongoing Prop 172 revenue into their restricted financing fund as part of the five-year plan. The District Attorney and Probation Department have accumulated the necessary funds to meet the 10% contingency requirement.



REALIGNMENT

In 1991 the state shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a ½ cent Sales Tax and 24.33% of Vehicle License Fee (VLF) revenues made available by a change in the depreciation schedule for vehicles. Pursuant to SB 1096, Chapter 21, Statutes of 2004, the Vehicle License Fee was reduced from 2.0% of the market value of a vehicle to .65% of the market value. SB 1096 also changed the percentage of the VLF revenue allocated to Realignment from 24.33% to 74.9%. This change did not result in increased VLF revenues to Realignment, but simply reflects the same funding amount expressed as a percentage of the reduced revenue collected. Each of the three service areas identified was required to have their own separate accounts established and each of those service areas receive a different share of statewide Realignment revenues.

Within the mental health area, the programs for which the county is now responsible are: community-based mental health programs, State Hospital services for county patients, and Institutions for Mental Disease. Within the social services area, the programs for which the county is now responsible are: the county revenue stabilization program and the county justice subvention program. Within the health area, the programs for which the county is now responsible are: AB8 county health services, local health services, medically indigent services, and the county medical services program.

In addition to these program responsibility shifts, a number of programs had changes made to their cost sharing ratios. Below are the programs involved in the cost sharing ratio changes (numbers are shown in percentages in the order of state/county shares of cost). For example, prior to Realignment, Foster Care costs were funded by 95% state resources and 5% county resources. Now Foster Care is funded by 40% state resources and 60% county resources, which is a significant impact to the county.

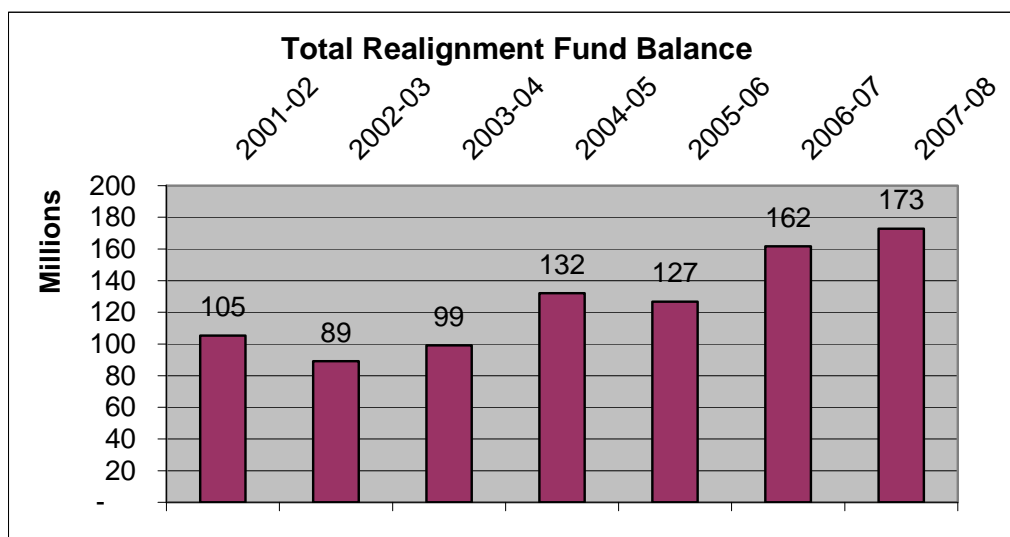
	From State/County	To State/County
Social Services programs:		
Foster Care	95/5	40/60
Child Welfare Services	76/24	70/30
Adoption Assistance	100/0	75/25
CalWORKs	89/11	95/5
County Services Block Grant	84/16	70/30
Greater Avenues for Independence	100/0	70/30
Social Services administration	50/50	70/30
In Home Supportive Services (IHSS)	97/3	65/35
Health programs:		
California Children's Services	75/25	50/50

The Realignment program has some flaws in its design that adversely impact County of San Bernardino revenues. First, San Bernardino County is an "under equity county," meaning that the county receives a lesser share of revenue relative to other counties based on population and estimated poverty population. Revenue distributions among counties were determined by expenditures in the programs that were transferred just prior to the adoption of Realignment. San Bernardino County was under equity in those programs. Realignment did attempt to address the inequity issue, but the effort fell short. The county continues to be under equity at this time and barring any legislative action the amount of inequity will increase over time. As growth occurs in the revenue streams, that incremental new funding is distributed on existing sharing arrangements between the counties. The counties that are already over equity get a higher percentage of the new revenue while those that are under equity get less.



In addition to the under equity issue is the fact that the demand for the services the county is providing and the revenue streams funding them are both sensitive to the economy. When the economy does poorly, demand for services is high, but revenues under perform. When the economy is doing well, demand for services is reduced, sales taxes and vehicle license fees revenues are high, and growth in these funding streams is experienced. However, Social Services has priority claim on any sales tax growth received. If the growth is sufficient to cover the increasing Social Services caseload costs, then anything remaining is distributed to the Mental Health and Health realignment funds.

The graph below shows the history of fund balance for all Realignment funds.



Fund balances increased significantly from 2003-04 to 2004-05. The increased fund balance in 2004-05 was driven by lower than expected expenditures in Behavioral Health, Probation, ARMC, and Foster Care. The decrease in 2005-06 is the result of a one-time transfer of funds to ARMC for the remodel of the 6th floor of the hospital. These additional expenditures were slightly offset by significant sales tax growth revenue of \$15.3 million, or 21%, within the Social Services Fund for the year ending June 30, 2006.

Budget History for All Realignment Funds

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Beginning Fund Balance	132,196,582	117,711,163	126,723,988	161,559,556
Realignment Revenue	211,051,999	212,247,973	215,250,272	224,888,389
Department Usage	216,524,593	209,101,739	180,414,704	213,757,273
Ending Fund Balance	<u>126,723,988</u>	<u>120,857,397</u>	<u>161,559,556</u>	<u>172,690,672</u>
Change in Fund Balance	(5,472,594)	3,146,234	34,835,568	11,131,116

The chart above shows the impact of the unexpected revenue growth from sales tax in the 2005-06 fiscal year. In 2005-06 actual revenue received exceeded the budgeted revenue amount by \$16.2 million. The impact of this unexpected growth continues into the following year as this growth is reflected within the sales tax revenue base received for the period ending June 30, 2007. It should be noted however that the total revenues for 2006-07 continue to remain an estimate as growth revenues for a particular year are not realized until seven months after the close of that year. Beginning fund balance and department usage for 2006-07 do reflect actuals.

In addition, departmental savings of another \$28.7 million in 2006-07, results in an estimated increase to ending fund balance of \$40.7 million for the period ending June 30, 2007.



It is important to note however that sales tax for 2006-07 has shown a lag, resulting in insufficient caseload growth and no sales tax general growth expected to be received.

For the 2007-08 budget, revenues of \$224.9 million include overall projected sales tax and vehicle license fees growth of 5% and 4%, respectively. Slightly offsetting this growth are proposed increases in department usage of \$4.7 million, resulting in a net increase to fund balance of \$11.1 million.

SUMMARY OF REALIGNMENT BUDGET UNITS FOR 2007-08

	Estimated Beginning Fund Balance	Budgeted Revenue	Budgeted Departmental Usage	Budgeted 10% Transfers	Estimated Ending Fund Balance	Estimated Change in Fund Balance
Mental Health	54,525,520	62,142,263	70,584,965	-	46,082,818	(8,442,702)
Social Services	58,524,085	99,912,421	74,096,500	-	84,340,006	25,815,921
Health	48,509,952	62,833,705	69,075,808	-	42,267,849	(6,242,103)
Total	161,559,556	224,888,389	213,757,273	-	172,690,672	11,131,116

The Realignment budgets do not directly spend funds or provide service. They are strictly financing budgets with the actual expenditures occurring within the operating budget units of the departments that receive Realignment revenue.

The Realignment legislation does allow for some flexibility in usage of funds at the county level. Upon action by the Board of Supervisors, a county can transfer 10% of a given years revenue from one fund to another. San Bernardino County has used the provision repeatedly over the years to help support either the health or social services programs. The County did not do a 10% transfer in 2006-07 and is not budgeting one for 2007-08. However, in the event that such transfer is needed, Board of Supervisors approval is required.

The next three pages contain the breakdown of the three individual Realignment restricted financing funds.



Mental Health				
----------------------	--	--	--	--

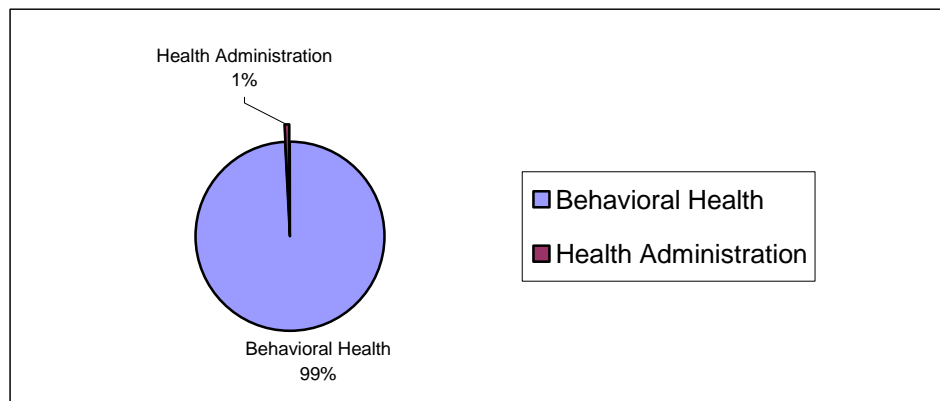
	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Beginning Fund Balance	45,032,717	51,360,727	51,362,385	54,525,520
Realignment Revenue	59,604,493	61,977,359	60,812,681	62,142,263
Department Usage	53,274,825	67,673,293	57,649,546	70,584,965
10% Transfers	-	-	-	-
Ending Fund Balance	51,362,385	45,664,793	54,525,520	46,082,818
Change in Fund Balance	6,329,668	(5,695,934)	3,163,135	(8,442,702)

Mental Health realignment revenue is currently composed of 59% sales tax and 41% vehicle license fees. 2005-06 reflects the first time since 2000-01 that sales tax growth was received. However, this growth is not expected to continue for 2006-07 as sales tax is expected to experience the same lag prior to the unexpected growth of 2005-06.

For 2006-07, revenue is estimated at slightly lower than budget due to slowing sales tax growth. This is offset by actual departmental expenditure savings of \$10.0 million, resulting in an increase to the period ending June 30, 2007 fund balance of \$3.2 million. However, for 2007-08 the Mental Health fund is budgeted to spend \$8.4 million of fund balance. This use is due primarily to delays in receipt of Title XIX EPSDT funding within the Behavioral Health budget unit. These delays have amounted to roughly \$11.0 million in payments yet to be received, which when rectified, is expected to result in less fund balance use at the end of the year. Despite this, department usage also continues to increase, primarily the result of uncompensated cost increases from MOU negotiations. Coupled with limited or no growth expected in Mental Health realignment revenue due to Social Services continued draws of all sales tax revenue growth, the ending fund balance within this fund is expected to show continued decline. As such, the Department of Behavioral Health and the County Administrative Office will need to begin the process of revising the Department's five-year plan to ensure that ongoing departmental usage and ongoing revenues stay in line.

Breakdown of Department Usage of Mental Health Realignment				
---	--	--	--	--

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Behavioral Health	52,618,673	67,252,313	57,154,618	70,019,971
Health Administration	656,152	420,980	494,928	564,994
Total Department Usage	53,274,825	67,673,293	57,649,546	70,584,965



Social Services

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Beginning Fund Balance	14,519,257	26,566,979	35,822,945	58,524,085
Realignment Revenue	90,884,675	87,826,701	92,793,637	99,912,421
Department Usage	69,580,987	76,433,144	70,092,497	74,096,500
10% Transfers	-	-	-	-
Ending Fund Balance	<u>35,822,945</u>	<u>37,960,536</u>	<u>58,524,085</u>	<u>84,340,006</u>
Change in Fund Balance	21,303,688	11,393,557	22,701,140	25,815,921

Social Services realignment revenue is composed primarily of sales tax. The split is currently 96% sales tax and 4% vehicle license fees. In a drastic turnaround from prior years, sales tax coming in to Social Services realignment grew dramatically in 2005-06. While this is good news, the growth has been insufficient to make up for prior years' shortfalls. Statewide, sales tax collections even in this very good year were \$169.2 million short of what was necessary to fund caseload growth within the mandated Social Services programs.

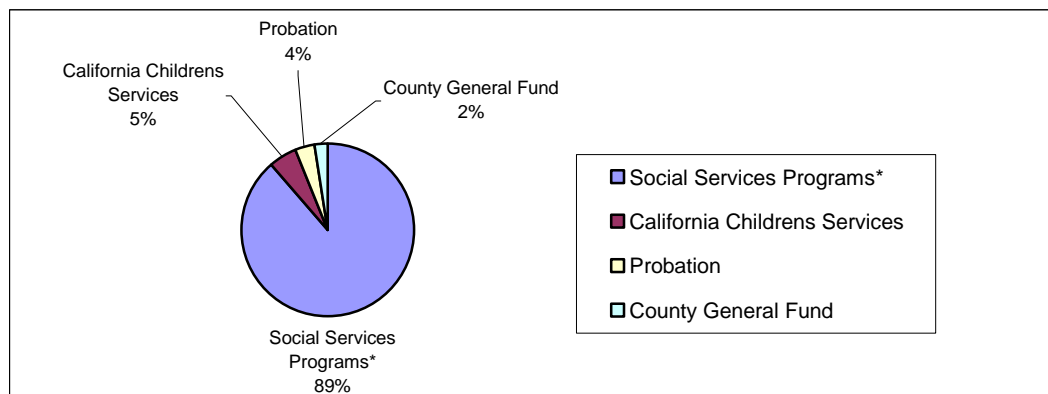
The unexpected growth of 2005-06 was so significant that for the first time since 2000-01, sales tax general growth could also be received within the Mental Health and Health realignment funds. Actual sales tax growth for 2005-06 within the Social Services fund was \$15.4 million, which is then reflected as part of the base for 2006-07, resulting in estimated revenue of \$92.8 million, an increase of \$5.0 million over budget. This increase in revenue, coupled with actual departmental expenditure savings is reflected in the \$22.7 million anticipated increase to the period ending June 30, 2007 Fund Balance. It should be noted however, that the increases in revenue are only the result of the higher base, and that actual sales tax collections for 2006-07 will again be insufficient to cover total caseload cost increases. As such, with caseload cost increases in an arrears situation, no sales tax general growth is expected.

For the 2007-08 budget ongoing expense and ongoing revenue shows a surplus of \$25.8 million; however, this is based on assumed sales tax growth that may begin to feel pressure should the economy begin to slow.

Breakdown of Department Usage of Social Services Realignment

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Social Services Programs*	62,050,426	68,580,269	62,512,385	65,612,683
California Childrens Services	3,030,931	3,353,245	3,120,482	3,984,187
Probation	2,700,630	2,700,630	2,660,630	2,700,630
County General Fund	<u>1,799,000</u>	<u>1,799,000</u>	<u>1,799,000</u>	<u>1,799,000</u>
Total Department Usage	69,580,987	76,433,144	70,092,497	74,096,500

* Soc. Svcs. Programs include: IHSS, Foster Care, Seriously Emotionally Disturbed, and Administrative Claim Matches



Health

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Beginning Fund Balance	72,644,608	39,783,457	39,538,658	48,509,952
Realignment Revenue	60,562,831	62,443,913	61,643,954	62,833,705
Department Usage	93,668,781	64,995,302	52,672,660	69,075,808
10% Transfers	-	-	-	-
Ending Fund Balance	39,538,658	37,232,068	48,509,952	42,267,849
Change in Fund Balance	(33,105,950)	(2,551,389)	8,971,294	(6,242,103)

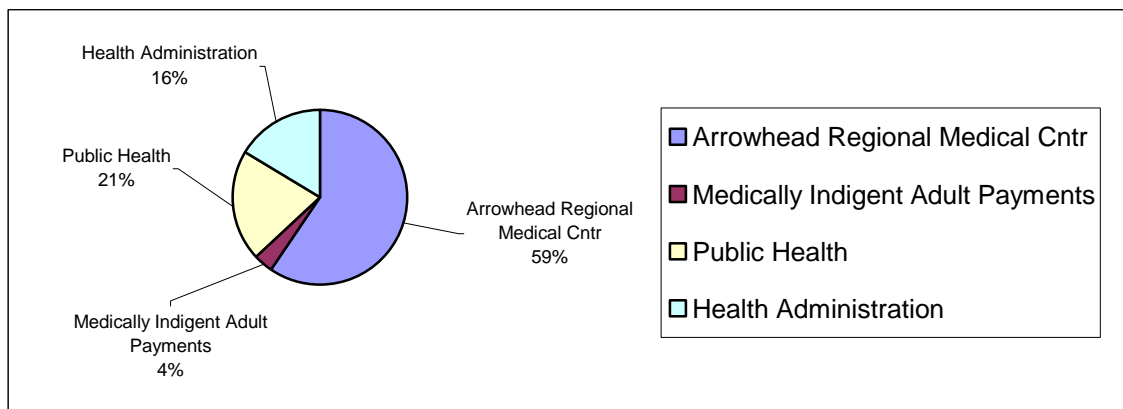
As in the Mental Health realignment revenues, Health funding experienced sales tax growth for the first time since 2000-01. However, the impact is not as significant given that Health is primarily funded with vehicle license fees at 73% with the remaining 27% coming from sales tax.

In 2006-07, actual departmental expenditures savings of \$12.3 million, resulted in an increase to the period ending June 30, 2007 fund balance of \$9.0 million. The significant savings were the result of less than required realignment support for the ARMC debt service and the availability of ARMC construction litigation monies used to fund the ARMC projects. Savings were slightly offset by transfers for one-time projects totaling \$2.0 million being conducted by the Arrowhead Regional Medical Center. Additionally, an operating shortfall of \$7.0 million within the ARMC budget unit, mainly resulting from lack of cost containment over the last few years, failure to budget and plan for necessary equipment replacement, and increases in contracted physician expenses, was mitigated through increased departmental usage of realignment funds.

The 2007-08 proposed budget reflects the use of \$6.2 million in fund balance. This is again primarily the result of additional transfers in the amount of \$6.1 million to fund one-time projects for ARMC reflected in the increased department usage, coupled with limited sales tax growth. Health Administration usage is reduced to reflect decreased net debt service payments for ARMC. There is no budgeted increase in department usage for Public Health.

Breakdown of Departmental Usage of Health Realignment
--

	ACTUAL 2005-06	BUDGET 2006-07	ESTIMATE 2006-07	FINAL 2007-08
Arrowhead Regional Medical Cntr	66,733,462	36,632,500	32,490,396	40,967,620
Medically Indigent Adult Payments	2,550,000	2,550,000	2,550,000	2,550,000
Public Health	11,008,999	14,164,292	13,793,258	14,164,292
Health Administration	13,376,321	11,648,510	3,839,007	11,393,897
Total Department Usage	93,668,782	64,995,302	52,672,660	69,075,809



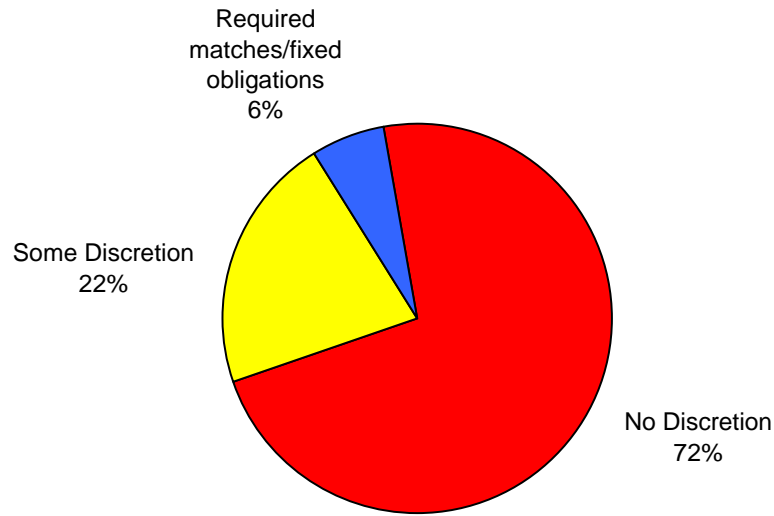
Budgetary Note: Financial information presented in this Realignment budget section is consistent with state reporting requirements for the Realignment funds. The state's reporting requirements are not consistent with the county's implementation of GASB 34 as it relates to revenue accrual. As such, within the county's accounting system, an adjustment will be made to show the correct revenues in accordance with the county's accrual procedures. This is a revenue timing issue only as a result of delays by the state in distributing sales tax growth revenue.



COUNTYWIDE DISCRETIONARY REVENUE

The entire general fund budget including operating transfers is \$2.4 billion, however, the Board of Supervisors has no discretion on \$1.7 billion of this amount as seen in this pie chart.

2007-08 Final Budget General Fund Spending



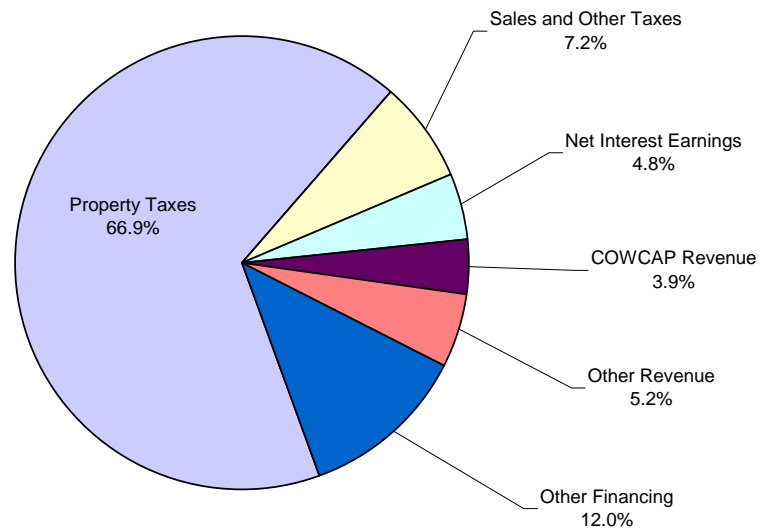
SPENDING WHERE THE BOARD HAS NO DISCRETION. INCLUDES:	1,708,990,981
Welfare costs reimbursed by state and federal monies (\$745.9 million)	
Other program costs funded by program revenues such as user fees (\$963.1 million)	
REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:	141,896,802
SPENDING WHERE THE BOARD HAS SOME DISCRETION. INCLUDES:	508,496,958
Reserve / Contingencies Contributions (\$75.1 million)	
Law and justice program costs funded by local revenues (\$267.9 million)	
All other program costs funded by local revenues (\$165.5 million)	
TOTAL:	\$2,359,384,741

The Board of Supervisors has authority over the countywide discretionary revenue, which totals \$650,393,760. This countywide discretionary revenue is first obligated to pay for the required health and welfare matches and other fixed obligations, which total \$141,896,802. The remaining amount of \$508,496,958 is available for the Board's discretion and finances departmental budgets' local cost.



Shown below are the sources of the countywide discretionary revenue for 2007-08, which total \$650,393,760:

Discretionary Revenue by Category 2007-08 Final Budget



Other Revenue Includes: Property Tax Admin Revenue, Booking Fee Revenue, Other State and Federal Aid, Recording Fee Revenue, Treasury Management Pool Fees, and Other Revenue.

Other Financing Includes: Fund Balance, Use of Reserves, and Operating Transfers.



COUNTYWIDE DISCRETIONARY REVENUE WHICH PAY FOR GENERAL FUND LOCAL COST

	2005-06 Final Budget	2006-07 Final Budget	2006-07 Actual	2007-08 Final Budget
Countywide Discretionary Revenue				
Property Taxes:				
Current Secured, Unsecured, Unitary	139,341,353	186,170,860	189,051,307	206,738,207
VLF/Property Tax Swap	148,442,703	187,409,286	185,845,127	208,146,542
Supplemental Property Tax	8,746,613	14,000,000	33,796,419	14,000,000
Penalty on Current Taxes	1,938,095	1,938,095	2,118,629	2,272,832
Prior Property Taxes, Penalties and Interest	7,222,648	3,806,646	4,851,032	3,860,659
Total Property Taxes	305,691,412	393,324,887	415,662,514	435,018,240
Sales and Other Taxes:				
Sales and Use Tax	18,758,333	23,075,676	23,929,047	22,879,354
Property Transfer Tax	14,948,345	19,936,370	13,978,462	15,000,000
Franchise Fees	6,045,934	6,715,000	6,894,026	7,120,050
Hotel/Motel Tax	1,176,978	1,176,978	1,328,899	1,200,000
Other Taxes	700,000	700,000	786,449	750,000
Total Sales and Other Taxes	41,629,590	51,604,024	46,916,882	46,949,404
Net Interest Earnings	21,872,000	23,154,000	41,072,040	31,000,000
COWCAP Revenue	20,228,548	20,739,704	20,726,608	25,196,750
Property Tax Admin Revenue	10,219,145	12,773,384	18,211,903	13,800,000
Recording Fee Revenue	-	11,167,902	7,980,897	8,616,493
Other State and Federal Aid	3,593,326	3,647,156	6,907,058	3,660,738
Booking Fee Revenue	-	2,500,000	2,363,606	3,000,000
Treasury Pool Management Fees	-	2,219,195	2,198,718	2,503,298
Other Revenue	2,430,000	3,430,000	5,614,166	2,430,000
Total Countywide Discretionary Revenue	405,664,021	524,560,252	567,654,394	572,174,923
Other Financing Sources				
Fund Balance, beginning	121,637,030	100,698,815	100,698,815	56,425,431
Reimbursements	583,586	583,586	1,073,586	-
Use of Reserves	2,253,702	6,063,708	12,781,312	2,688,000
Operating Transfers	24,344,825	32,116,449	17,278,043	19,105,406
Total Other Financing Sources	148,819,143	139,462,558	131,831,756	78,218,837
Total Countywide Discretionary Revenue and Other Financing Sources	554,483,164	664,022,810	699,486,150	650,393,760

For 2007-08 general fund financing includes Countywide Discretionary Revenues of \$572.2 million and Other Financing Sources of \$78.2 million.

Countywide Discretionary Revenues

Secured Property Tax

Secured Property Tax Revenues make up \$186.2 million of the \$206.7 million 2007-08 "Current Secured, Unsecured, Unitary" budgeted revenue number. This budgeted amount is projected using an estimated 12.0% increase in secured assessed valuation for 2007-08 translated to an 11.0% increase in secured property tax revenues for the county general fund. This increase is based on growth estimates provided by the County Assessor's office, and projections of a local economist.



The table below compares the increase in secured assessed valuation for the last six years to the increase in secured property tax revenues of the county general fund (adjusted for one-time revenue changes such as ERAF III).

Fiscal Year	Countywide Locally Assessed Secured AV	Percent Increase	County General Fund Secured Revenue - Adjusted	Percent Increase
2001-02	78,831,564,858		96,419,313	
2002-03	85,194,704,924	8.07%	103,724,492	7.58%
2003-04	92,745,938,042	8.86%	114,005,166	9.91%
2004-05	103,488,544,441	11.58%	127,110,535	11.50%
2005-06	118,871,872,729	14.86%	143,559,894	12.94%
2006-07	141,392,463,582	18.95%	168,345,431	17.26%

As is evident in the table, county general fund revenues do not usually increase at the same rate as secured assessed valuation. This difference is not due to delinquent tax payments. The County participates in the Teeter method of property tax allocation for secured property tax revenues. Therefore the County, and all other agencies participating in the Teeter program, receives 100% of the secured property tax revenue to which they are entitled, regardless of payment status. Instead, the mismatch between assessed valuation growth and revenue growth can be caused in part by assessed valuations increasing at a different rate in cities than in the unincorporated areas of the County (where the County gets a larger share of the property tax revenue). Other reasons for this mismatch include:

Redevelopment Agency Allocations:

When a redevelopment project area is created, future increases in property tax revenues are allocated to the Redevelopment Agency, instead of being apportioned through the normal allocation process to the County, Cities, Schools and Special Districts. This results in a lowering of the County's percentage share of the total revenues generated by the secured property in the County. In some instances, this reduction in property tax revenues is partially offset by a pass through of a certain amount of these revenues back from the RDA to the County (and the other affected entities).

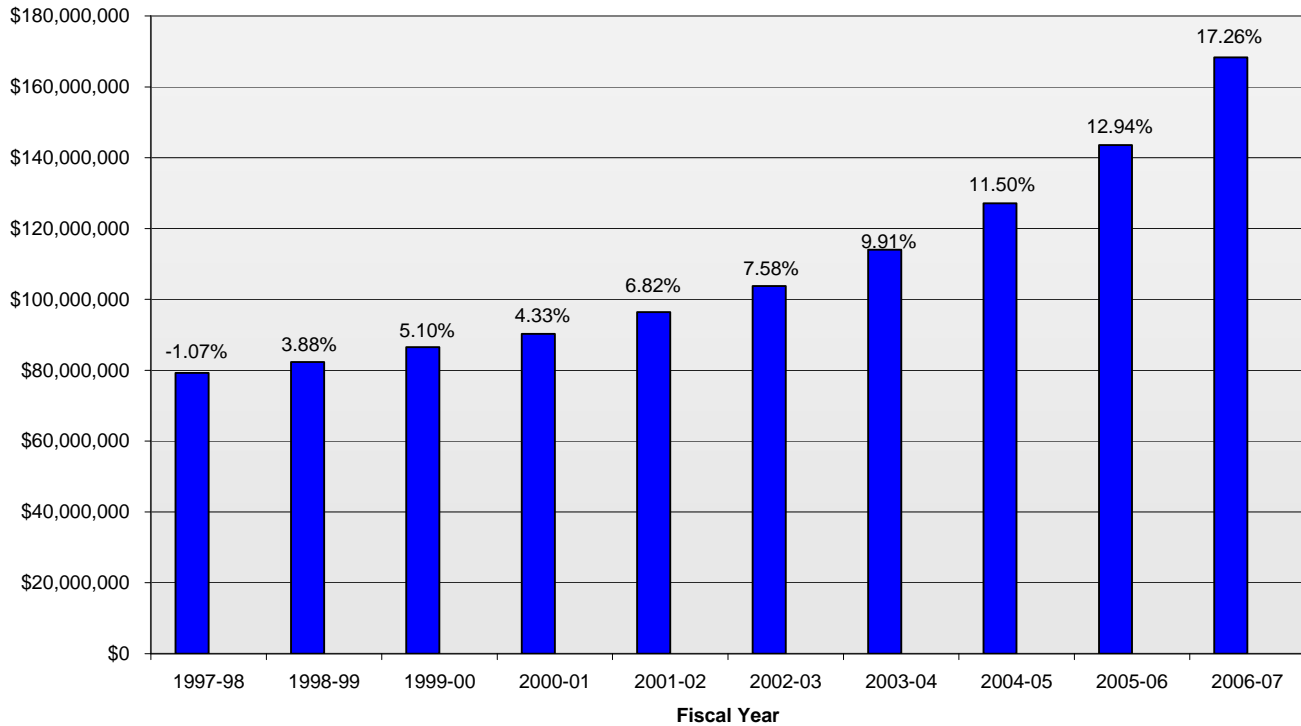
Incorporations/Annexations:

When a new city is created in the County, or when an existing city annexes additional land into its boundaries, the City takes on certain responsibilities for that geographic area that were previously the responsibility of the County and Special Districts. To fund this shift in responsibilities, the County, and any affected Special Districts, will have their share of property tax revenues reduced in favor of the City.



The following chart presents the most recent ten year trend of secured property tax revenues. Revenues have been adjusted for one-time revenue changes such as ERAF III.

SECURED PROPERTY TAXES - ADJUSTED ⁽¹⁾
TEN YEAR TREND
Dollars and Percent Change



VLF/Property Tax Swap

Historically, approximately three-fourths of Vehicle License Fee (VLF) revenue was allocated to cities and counties as general purpose financing. Beginning in Fiscal Year 1998-99, the State reduced the VLF payment required from vehicle owners. However, the State made up the revenue impact of the VLF rate reductions with State general fund revenue (the 'VLF Backfill').

The VLF Backfill was eliminated in the 2004-05 State budget. In that year the VLF Backfill to cities and counties was permanently replaced with an equivalent increase in property tax revenues (VLF/Property Tax Swap revenues). This increase was funded by decreases in property tax revenues allocated to schools and community colleges.

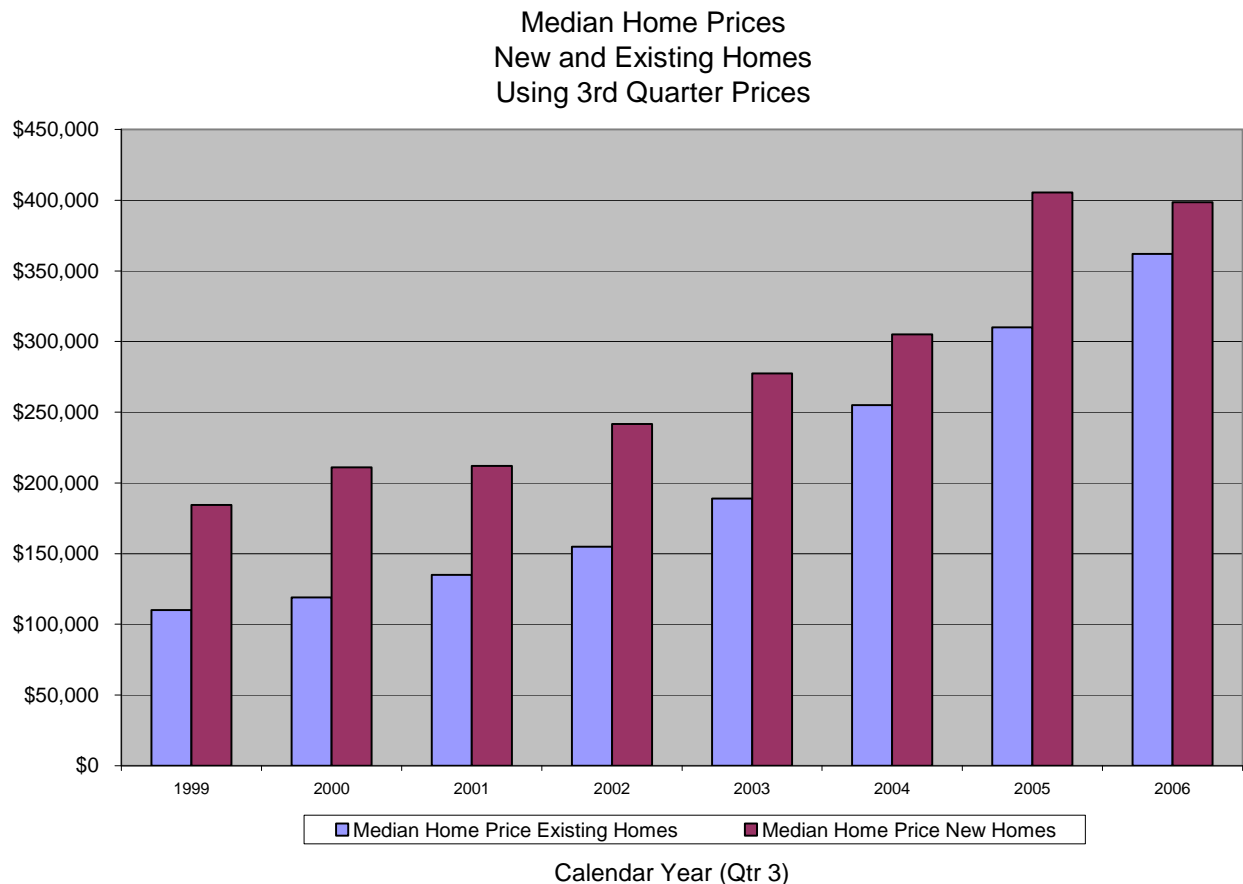
For 2004-05 the State established the base amount of the VLF/Property Tax Swap. The base is equal to the amount of VLF backfill that the counties and cities would have received in 2004-05, calculated using actual VLF receipt amounts for 2004-05. For years beginning in 2005-06, the VLF/Property Tax Swap amount is calculated using the prior year VLF/Property Tax Swap amount increased by a rate equal to the growth in assessed valuation. This growth rate includes both secured and unsecured assessed valuation, but excludes the growth rate of unitary valuations. For 2007-08 it is projected that this revenue will increase 12% over 2006-07 actual revenue. This is slightly higher than the estimate of secured property tax growth as the VLF/Property Tax Swap Revenue is not affected by Redevelopment Agency allocations, incorporations, or annexations, as is true with secured property taxes.



Supplemental Property Tax

Supplemental Property Tax payments are required from property owners when there is an increase in the assessed valuation of their property after the property tax bill for that year has been issued. Generally there are two types of events that will require a supplemental property tax payment: a change in ownership or the completion of new construction. As a result, when property values have been increasing and sales activity is high, there will be an increase in the number and dollar amount of supplemental property tax bills, which will result in increased supplemental property tax revenues to the County. The opposite is true when home prices and sales volume is declining. In fact, when the sales price of a property is lower than the current assessed value of the property, a refund may be due to the property owner.

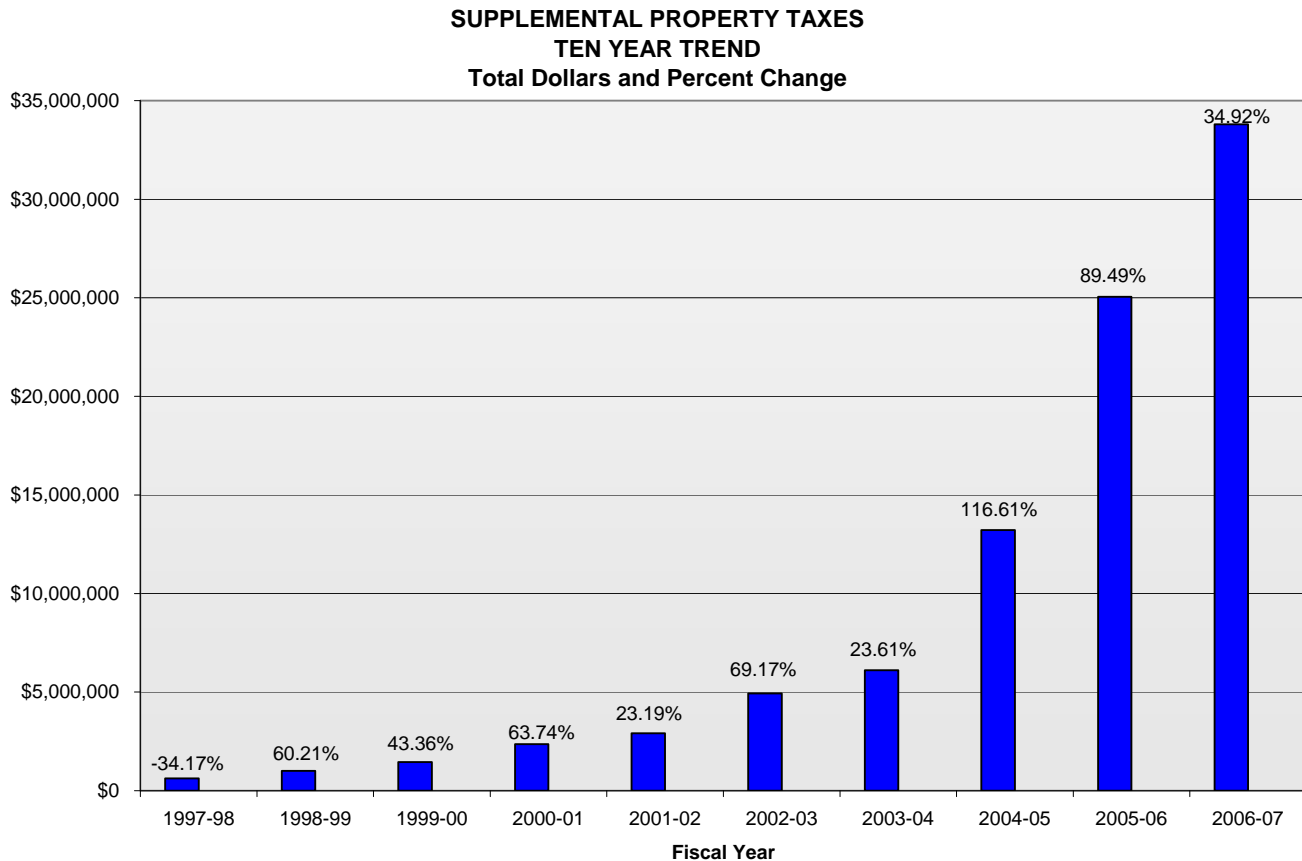
In recent years the County has been experiencing dramatic increases in housing sales and housing prices. The following chart illustrates the dramatic rise in housing prices for both new and existing homes.



Source: Dataquick



Sales of new and existing homes rose dramatically through calendar year 2005. The combination of rising home prices and rising sales volume contributed to a dramatic rise in supplemental property tax revenues to the general fund as shown in the chart below.



In 2006 the housing market began to slow down. Quarterly sales volume, which was 11,991 units in the fourth quarter of 2005, decreased by 28.4% to 8,581 units in the third quarter of 2006. In addition, although median prices of existing homes continued to rise through the third quarter of 2006, median new home prices decreased 1.7% for this same period (as compared to a 33% increase in 2005). Given the change in the housing market, the County is anticipating a reduction in supplemental property tax revenue. An offsetting factor is the impact of the VLF/Property Tax Shift on supplemental property tax revenues. Because of the nature of the VLF/Property Tax Swap, the Education Revenue Augmentation Fund (ERAF) no longer receives supplemental tax revenues. Supplemental tax revenues that would have gone to ERAF are instead contributed to counties and cities.

The County anticipated the housing slowdown in the 2006-07 final budget by budgeting a conservative \$14 million for supplemental property taxes. Although actual revenues for 2006-07 totaled \$33.8 million, the final budget for 2007-08 remains at \$14 million. This budgeted amount is the current estimate of the sustainable level of this revenue for the near future.

Sales and Use Tax

County discretionary revenues include 1% of the 7.75% sales tax rate charged on purchases made in the unincorporated areas of the County. In recent years, due to the strong housing market and resulting population increase, County discretionary sales tax revenues have increased significantly.

When preparing the annual budget, the County projects future sales tax revenues based on data provided by a local economist. For 2007-08 the economist has projected total sales tax revenues in the unincorporated area of \$30.2 million, which reflects an increase of 9.68%. The County has budgeted \$22.9 million. The major reasons for this difference include:



Sales Tax Sharing Agreement with the City of Redlands

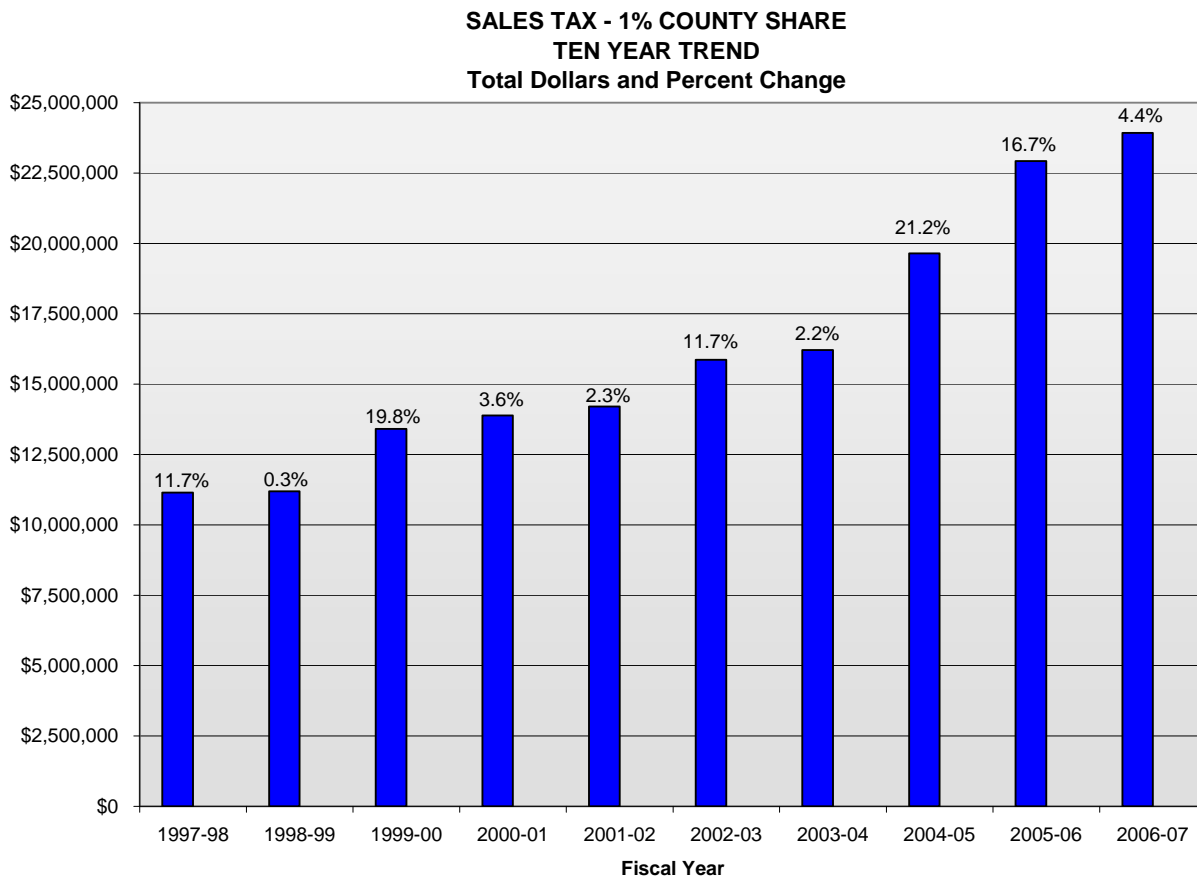
In August of 2003, the County entered into a sales tax sharing agreement with the City of Redlands. Under the terms of this agreement, the City of Redlands provides government services to an unincorporated area of the County, and in return the County pays the city a percentage of the sales tax revenue generated in that geographical area. This geographic area has and continues to add, numerous retail establishments and generates a considerable amount of sales tax revenue. Under the terms of the sales tax sharing agreement, the County currently pays the City of Redlands 90% of the County's discretionary sales tax revenue generated in this area.

Potential Annexations and Incorporations

Based on recent estimates, approximately 56% of the County's discretionary sales tax revenue is generated in the unincorporated portion of the spheres of influence of the 24 cities that are within the county's boundaries. This percentage is expected to decline to approximately 39% after taking into account the major Fontana annexation referenced in the paragraph below. A sphere of influence is a 'planning boundary within which a city or district is expected to grow into over time'. Therefore, the areas within these spheres are likely to be annexed, and once annexed, the discretionary sales tax revenue generated in that area will go to the city instead of the County. The County would also lose sales tax revenues if a community in the unincorporated area of the County decided to create a new city (incorporate).

In the 2006-07 final budget, the County budgeted sales tax revenues of \$23.1 million and received \$23.9 million for the fiscal year. The 2007-08 final budget amount of \$22.9 million includes a \$3.8 million reduction in the County's sales tax base due to a major annexation by the City of Fontana.

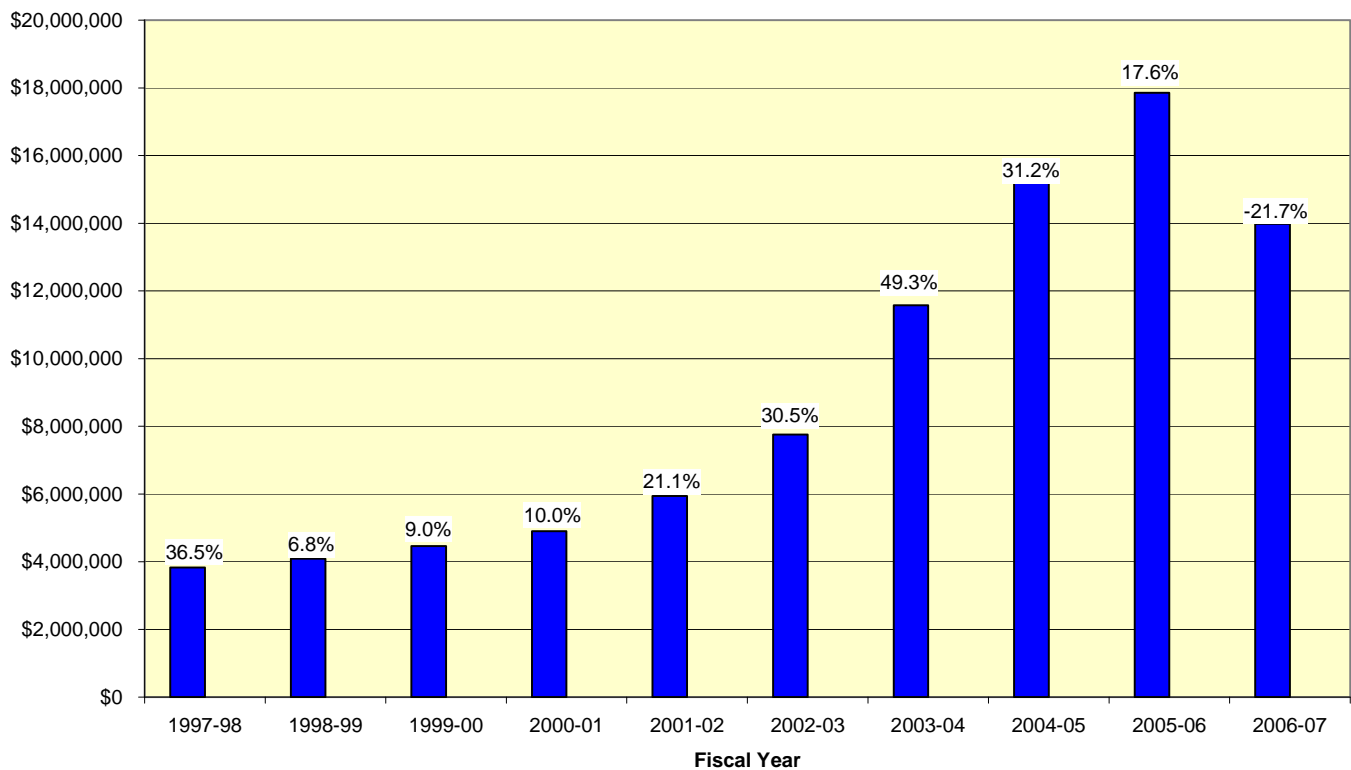
The chart below presents the most recent ten year trend of sales tax revenues.



Property Transfer Tax

The Property Transfer Tax is collected when any lands, tenements, or other realty sold within the County is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser. The tax is imposed when the value of the property exceeds \$100. The tax rate is \$ 0.55 for each \$500 of property value. For sales in the unincorporated areas of the County, the County receives 100% of the tax. For sales in cities, the County receives 50% of the tax. This revenue has increased dramatically over the last 5 years due to the high volume of housing sales and increasing housing prices. The chart below presents the most recent ten year trend of property transfer tax revenue.

**PROPERTY TRANSFER TAX
TEN YEAR TREND
Total Dollars and Percent Change**



This revenue stream is dependent on the combination of sales prices and the number of sales transactions, and is expected to decrease in reaction to the decline in the housing prices market. Receipts for 2006-07 totaled \$14.0 million, which is \$6.0 million less than budgeted and 21.7% less than 2005-06 receipts. The 2007-08 final budget estimates revenues of \$15.0 million, which still represents strong growth as compared to five years ago.

Net Interest Earnings

Net interest earnings for 2007-08 are projected at \$31.0 million. This is the amount that is considered sustainable in the near future.

COWCAP (County-Wide Cost Allocation Plan) Revenue

COWCAP revenue is reimbursement for overhead/indirect costs incurred by the general fund. Reimbursements are received from various state and federal grant programs (that permit such reimbursement) and fee supported general fund departments and taxing entities such as the library and Board-governed special districts. The budgeted COWCAP Revenue amount reflects the recovered allowable costs included in the 2007-08 countywide cost allocation plan (COWCAP) published by the Auditor/Controller.



Property Tax Admin Revenue

Property Tax Administration revenue consists of:

- SB 813 cost reimbursement, which represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.
- The property tax administrative fee, which the legislature provided to allow counties to recover the cost of the property assessment and tax collection process from certain other local jurisdictions. This revenue is tied directly to the cost of that collection effort.

Recording Fee Revenue

The County Recorder's Office collects certain fees for the official recording of documents. In previous fiscal years, this revenue was budgeted in the Auditor/Controller-Recorder's budget unit. Due to the unpredictable nature of the recording fee revenue and the County Administrative Office's concern for stabilization of departmental financing, the Board approved placing the recording fee revenue in the countywide discretionary revenue in 2006-07.

State and Federal Aid

State and Federal aid consists of a payment from the welfare realignment trust fund, which replaced the state revenue stabilization program, and SB90 reimbursements from the state. It also includes revenues received from the Federal government's Payment in Lieu of Taxes (PILT) program. Under current law, local governments are compensated through various programs for losses to their tax bases due to the presence of most federally owned land. PILT for the county in 2007-08 is expected to grow slightly over the 2006-07 budgeted amount. The 2006-07 actual receipts in State and Federal Aid includes \$2.9 million in prior year SB90 reimbursements from the State.

Booking Fee Revenue

State law provides the Board of Supervisors with the authority to assess booking fees. In 2006-07, the maximum fee imposed by counties continued to be limited to one-half of actual administrative costs in effect on June 30, 2006. New legislation (AB 1805) for 2007-08 replaces this methodology with the creation of a Local Detention Facility Revenue Account, to be funded by a state allocation and used exclusively for the construction or operation of jails. In addition, a Jail Access Fee is allowed for specified non-felony offenses when a jurisdiction exceeds a three-year average number of bookings for those offenses. The ability to charge booking fees is retained if the state does not appropriate funding under AB 1805; however, \$35 million is included in the adopted State budget. For 2007-08, San Bernardino County's share of the allocation is estimated at \$3.4 million and will replace booking fee revenue.

Treasury Pool Management Fees

Beginning in 2006-07, discretionary revenue includes cost reimbursement for the management of the County's investment pool, which is projected to total \$2.5 million in 2007-08. In prior fiscal years, this revenue was budgeted in the Treasurer/Tax Collector's budget unit.

Other Revenue

Other revenue includes overhead charges recovered through city law enforcement contracts with the Sheriff's Department, voided warrants issued by the county, projected transfers of unclaimed property tax refunds to the general fund, the county share of vehicle code violation revenue, and other miscellaneous revenues.

Other Financing Sources

Fund Balance and Reimbursements

The 2006-07 year-end fund balance for the general fund is \$56.4 million.

Use of Reserves

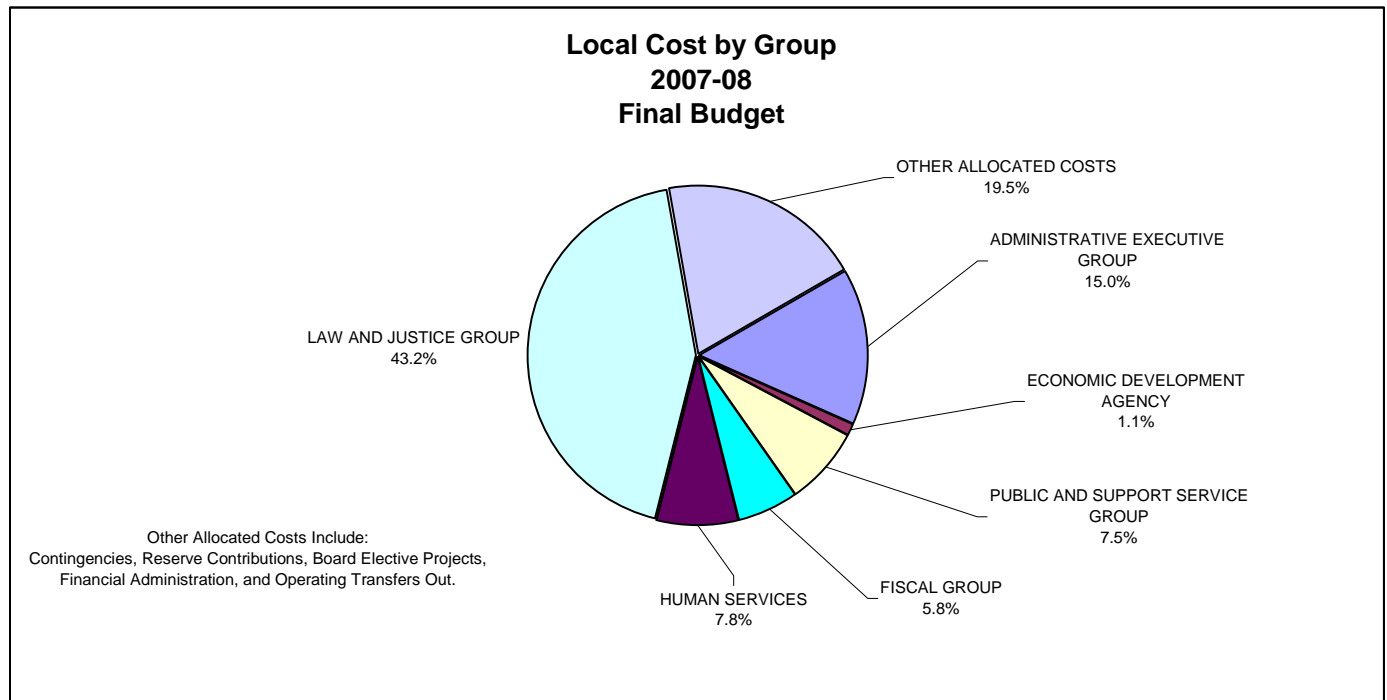
The 2007-08 final budget anticipates the use of \$2,688,000 of the business process improvement reserve.

Operating Transfers

Operating transfers include transfers from the Courthouse and Criminal Justice Construction funds of \$4.1 million to finance debt service on the Foothill Law and Justice Center, and \$15.0 million of tobacco settlement funds to provide funding for debt service on the Arrowhead Regional Medical Center.



Countywide discretionary revenues are allocated to various county departments as local cost. The pie chart below shows what percentage of the local cost is allocated to each of the groups.



The schedule on the following page shows a comparison of prior year local cost and current year local cost by department. This schedule also includes appropriation and revenue, including operating transfers, which are mechanisms to move financing between the various county budget units. Operating transfers are presented in the following chart because the intended purpose is to provide a complete picture of the department's appropriation and revenue. Operating transfers are excluded from the countywide appropriation and revenue summaries presented in the County Budget Summary section, as their inclusion would overstate countywide appropriation and revenue on a consolidated basis.

Department Title	2006-07 Final Budget:			2007-08 Final Budget:			Change Between 2006-07 Final & 2007-08 Final:		
	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	6,107,437	-	6,107,437	6,879,883	-	6,879,883	772,446	-	772,446
BOARD OF SUPERVISORS - LEGISLATION	480,950	-	480,950	898,405	-	898,405	417,455	-	417,455
CLERK OF THE BOARD	1,288,039	101,209	1,186,830	1,492,677	135,287	1,357,390	204,638	34,078	170,560
COUNTY ADMINISTRATIVE OFFICE	4,265,651	-	4,265,651	5,299,244	-	5,299,244	1,033,593	-	1,033,593
COUNTY ADMINISTRATIVE OFFICE - FRANCHISE ADMIN	295,845	-	295,845	304,387	-	304,387	8,542	-	8,542
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	388,681	-	388,681	388,681	-	388,681	-	-	-
COUNTY ADMINISTRATIVE OFFICE - JOINT POWERS LEASES	21,137,293	-	21,137,293	21,437,356	-	21,437,356	300,063	-	300,063
COUNTY ADMINISTRATIVE OFFICE - HEALTH ADMIN	157,188,824	142,188,824	15,000,000	159,507,612	144,507,612	15,000,000	2,318,788	2,318,788	-
COUNTY COUNSEL	10,640,844	6,051,944	4,588,900	9,910,938	4,454,209	5,456,729	(729,906)	(1,597,735)	867,829
HUMAN RESOURCES	7,010,040	302,500	6,707,540	7,491,561	373,794	7,117,767	481,521	71,294	410,227
HUMAN RESOURCES-EMPLOYEE HEALTH AND WELLNESS	972,404	635,404	337,000	1,048,542	732,542	316,000	76,138	97,138	(21,000)
HUMAN RESOURCES-UNEMPLOYMENT INSURANCE	4,000,000	-	4,000,000	4,000,500	-	4,000,500	500	-	500
INFORMATION SERVICES-APPLICATIONS DEVELOPMENT	13,595,036	4,832,240	8,762,796	16,791,086	4,693,984	12,097,102	3,196,050	(138,256)	3,334,306
PURCHASING	1,235,858	35,000	1,200,858	1,307,588	50,000	1,257,588	71,730	15,000	56,730
BEHAVIORAL HEALTH	164,822,242	162,979,489	1,842,753	178,566,791	176,724,038	1,842,753	13,744,549	13,744,549	-
BEHAVIORAL HEALTH - ALCOHOL AND DRUG SERVICES	19,782,871	19,633,413	149,458	22,108,176	21,958,718	149,458	2,325,305	2,325,305	-
PUBLIC HEALTH	81,277,158	78,976,899	2,300,259	86,748,420	82,052,587	4,695,833	5,471,262	3,075,688	2,395,574
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	17,604,866	14,251,621	3,353,245	19,246,486	15,262,299	3,984,187	1,641,620	1,010,678	630,942
PUBLIC HEALTH - INDIGENT AMBULANCE	472,501	-	472,501	472,501	-	472,501	-	-	-
LOCAL AGENCY FORMATION COMMISSION	231,000	-	231,000	338,215	-	338,215	107,215	-	107,215
COUNTY SCHOOLS	2,918,131	-	2,918,131	4,308,605	-	4,308,605	1,390,474	-	1,390,474
ADMIN/EXECUTIVE GROUP SUBTOTAL:	515,715,671	429,988,543	85,727,128	548,547,654	450,945,070	97,602,584	32,831,983	20,956,527	11,875,456
ECONOMIC DEVELOPMENT	7,884,668	2,000	7,882,668	7,866,652	604,000	7,262,652	(18,016)	602,000	(620,016)
ECONOMIC DEVELOPMENT AGENCY SUBTOTAL:	7,884,668	2,000	7,882,668	7,866,652	604,000	7,262,652	(18,016)	602,000	(620,016)
ASSESSOR	17,559,215	820,000	16,739,215	18,354,905	1,385,000	16,969,905	795,690	565,000	230,690
AUDITOR-CONTROLLER/RECORDER	18,246,993	5,614,812	12,632,181	19,357,354	6,102,260	13,255,094	1,110,361	487,448	622,913
TREASURER-TAX COLLECTOR/PUBLIC ADMINISTRATOR	19,863,932	13,022,442	6,841,490	21,653,245	14,201,687	7,451,558	1,789,313	1,179,245	610,068
FISCAL GROUP SUBTOTAL:	55,670,140	19,457,254	36,212,886	59,365,504	21,688,947	37,676,557	3,695,364	2,231,693	1,463,671
AGING AND ADULT SERVICES	10,602,940	10,602,940	-	11,317,320	10,115,916	1,201,404	714,380	(487,024)	1,201,404
AGING AND ADULT SERVICES - PUBLIC GUARDIAN	1,070,683	342,000	728,683	1,124,837	343,018	781,819	54,154	1,018	53,136
CHILD SUPPORT SERVICES	39,797,347	39,797,347	-	39,806,364	39,806,364	-	9,017	9,017	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	344,305,647	322,009,254	22,296,393	359,284,134	335,844,708	23,439,426	14,978,487	13,835,454	1,143,033
CHILD ABUSE /DOMESTIC VIOLENCE	1,906,812	1,906,812	-	1,970,307	1,970,307	-	63,495	63,495	-
ENTITLEMENT PAYMENTS (CHILD CARE)	85,905,228	85,905,228	-	85,905,228	85,905,228	-	-	-	-
OUT OF HOME CHILDCARE	574,056	-	574,056	777,722	-	777,722	203,666	-	203,666
AID TO ADOPTIVE CHILDREN	34,457,874	32,678,455	1,779,419	39,467,626	37,580,473	1,887,153	5,009,752	4,902,018	107,734
AFDC-FOSTER CARE	97,376,873	82,654,830	14,722,043	85,012,850	70,736,762	14,276,088	(12,364,023)	(11,918,068)	(445,955)
REFUGEE CASH ASSISTANCE	100,000	100,000	-	100,000	100,000	-	-	-	-
CASH ASSISTANCE - IMMIGRANTS	822,878	822,878	-	611,254	611,254	-	(211,624)	(211,624)	-
CALWORKS-ALL OTHER FAMILIES	197,073,867	192,702,019	4,371,848	191,880,000	187,770,991	4,109,009	(5,193,867)	(4,931,028)	(262,839)
KIN-GAP PROGRAM	4,575,538	3,868,452	707,086	6,984,009	5,896,566	1,087,443	2,408,471	2,028,114	380,357
SERIOUSLY EMOTIONALLY DISTURBED	4,761,913	3,781,511	980,402	4,761,913	3,781,511	980,402	-	-	-
CALWORKS-2 PARENT FAMILIES	14,215,939	13,881,109	334,830	15,674,688	15,322,821	351,867	1,458,749	1,441,712	17,037
AID TO INDIGENTS	1,181,027	341,471	839,556	1,181,027	341,471	839,556	-	-	-
VETERANS AFFAIRS	1,375,189	327,500	1,047,689	1,479,719	336,500	1,143,219	104,530	9,000	95,530
HUMAN SERVICES SUBTOTAL:	840,103,811	791,721,806	48,382,005	847,338,998	796,463,890	50,875,108	7,235,187	4,742,084	2,493,103
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	299,433	299,433	-	374,691	374,691	-	75,258	75,258	-
COUNTY TRIAL COURTS - GRAND JURY	333,956	-	333,956	343,249	-	343,249	9,293	-	9,293
COUNTY TRIAL COURTS - INDIGENT DEFENSE	8,979,100	-	8,979,100	9,158,413	-	9,158,413	179,313	-	179,313
COUNTY TRIAL COURTS - COURT FAC/JUDICIAL BENEFITS	1,637,427	-	1,637,427	1,786,037	-	1,786,037	148,610	-	148,610
COUNTY TRIAL COURTS - COURT FACILITIES PAYMENTS	57,300	-	57,300	869,933	-	869,933	812,633	-	812,633
COUNTY TRIAL COURTS - MAINTENANCE OF EFFORT	31,782,490	21,156,000	10,626,490	32,550,674	21,924,184	10,626,490	768,184	768,184	-
DISTRICT ATTORNEY - CRIMINAL	51,315,220	32,481,610	18,833,610	59,051,132	35,845,581	23,205,551	7,736,912	3,363,971	4,371,941
DISTRICT ATTORNEY - CHILD ABDUCTION AND RECOVERY	850,475	-	850,475	876,549	-	876,549	26,074	-	26,074
LAW & JUSTICE GROUP ADMINISTRATION	147,302	5,000	142,302	232,951	78,503	154,448	85,649	73,503	12,146
PROBATION-ADMIN, CORRECTIONS & DETENTION	105,046,634	45,428,918	59,617,716	113,707,485	49,355,959	64,351,526	8,660,851	3,927,041	4,733,810
PROBATION-COURT ORDERED PLACEMENTS	3,808,330	-	3,808,330	3,308,330	-	3,308,330	(500,000)	-	(500,000)
PUBLIC DEFENDER	28,862,282	1,600,000	27,262,282	33,823,747	1,400,000	32,423,747	4,961,465	(200,000)	5,161,465
SHERIFF	376,188,213	242,597,731	133,590,482	402,004,318	267,018,421	134,985,897	25,816,105	24,420,690	1,395,415
LAW AND JUSTICE GROUP SUBTOTAL:	609,308,162	344,419,167	264,888,995	658,087,509	376,873,888	281,213,621	48,779,347	32,454,721	16,324,626
PUBLIC AND SUPPORT SERVICES GROUP ADMIN	1,925,919	-	1,925,919	1,971,766	-	1,971,766	45,847	-	45,847
AGRICULTURE, WEIGHTS AND MEASURES	6,198,976	3,855,178	2,343,798	6,517,685	3,921,170	2,596,515	318,709	65,992	252,717
AIRPORTS	2,880,410	2,880,410	-	2,798,296	2,798,296	-	(82,114)	(82,114)	-
ARCHITECTURE AND ENGINEERING	585,320	-	585,320	585,320	-	585,320	-	-	-
COUNTY MUSEUM	4,099,202	1,979,149	2,120,053	3,911,145	1,753,400	2,157,745	(188,057)	(225,749)	37,692
FACILITIES MANAGEMENT	16,197,204	6,900,616	9,296,588	14,465,324	4,827,546	9,637,778	(1,731,880)	(2,073,070)	341,190
FACILITIES MANAGEMENT - UTILITIES	16,654,565	246,355	16,408,210	17,238,336	258,043	16,980,293	583,771	11,688	572,083
LAND USE SERVICES - ADMINISTRATION	-	-	-	-	-	-	-	-	-
LAND USE SERVICES - CURRENT PLANNING	3,253,190	3,253,190	-	3,406,036	3,406,036	-	152,846	152,846	-
LAND USE SERVICES - ADVANCED PLANNING	3,963,886	2,287,138	1,676,748	4,064,230	2,328,829	1,735,401	100,344	41,691	58,653
LAND USE SERVICES - BUILDING AND SAFETY	9,870,995	9,870,995	-	10,218,677	10,218,677	-	347,682	347,682	-
LAND USE SERVICES - CODE ENFORCEMENT	4,519,923	767,530	3,752,393	5,165,959	560,300	4,605,659	646,036	(207,230)	853,266
LAND USE SERVICES - FIRE HAZARD ABATEMENT	2,617,148	2,617,148	-	2,867,674	2,867,674	-	250,526	250,526	-
PUBLIC WORKS-SURVEYOR	4,432,992	4,233,482	199,510	5,400,409	5,132,271	268,138	967,417	898,789	68,628
REAL ESTATE SERVICES	2,514,897	1,510,344	1,004,553	2,647,980	1,542,667	1,105,313	133,083	32,323	100,760
REAL ESTATE SERVICES - RENTS AND LEASES	109,290	109,290	-	101,179	101,179	-	(8,111)	(8,111)	-
REAL ESTATE SERVICES - COURTS PROPERTY MANAGEMENT	-	-	-	437,165	392,165	45,000	437,165	392,165	45,000
REGIONAL PARKS	8,482,731	6,603,530	1,879,201	10,088,762	6,729,800	3,358,962	1,606,031	126,270	1,479,761
REGISTRAR OF VOTERS	13,163,095	9,462,107	3,700,988	11,694,748	8,077,133	3,617,615	(1,468,347)	(1,384,974)	(83,373)
PUBLIC AND SUPPORT SVCS GRP SUBTOTAL:	101,469,743	56,576,462	44,893,281	103,580,691	54,915,186	48,665,505	2,110,948	(1,661,276)	3,772,224
GENERAL FUND DEPARTMENT SUBTOTAL:	2,130,152,195	1,642,165,232	487,986,963	2,224,787,008	1,701,490,981	523,296,027	94,634,813	59,325,749	35,309,064
CONTINGENCIES	59,124,138	-	59,124,138	58,098,896	-	58,098,896	(1,025,242)	-	(1,025,242)
RESERVE CONTRIBUTIONS	35,452,753	-	35,452,753	14,544,909	-	14,544,909	(20,907,844)	-	(20,907,844)
BOARD ELECTIVE PROJECTS	-	-	-	15,812,788	-	15,812,788	15,812,788	-	15,812,788
FINANCIAL ADMINISTRATION APPROPRIATION	7,500,000	7,500,000	-	7,500,000	7,500,000	-	-	-	-
FINANCIAL ADMINISTRATION REIMBURSEMENTS	(583,586)	(583,586)	-	-	-	-	583,586	583,586	-
OPERATING TRANSFERS OUT	81,458,956	-	81,458,956	38,641,140	-	38,641,140	(42,817,816)	-	(42,817,816)
TOTAL COUNTYWIDE ALLOCATED COSTS:	182,952,261	6,916,414	176,035,847	134,597,733	7,500,000	127,097,733	(48,354,528)	583,586	(48,338,114)
GRAND TOTAL:	2,313,104,456	1,649,081,646	664,022,810	2,359,384,741	1,708,990,981	650,393,760	46,280,285	59,909,335	(13,629,050)

NOTE: Total countywide allocated costs on this schedule includes appropriation and reimbursements for Financial Administration. This appropriation is offset in the countywide discretionary revenue schedule.



GENERAL FUND – FIVE YEAR OPERATING FORECAST, 2007-08 THROUGH 2011-12

Major Issues Impacting the General Fund:

- Revenue Growth continues to expand based on future assessed valuation growth projections of 9%.
- Salaries and Benefits continue to increase based on projected negotiation agreements.
- Additional Staffing for the Adult Detention Center Expansion will produce an annual deficit in the 3rd and 4th year of this forecast.
- Due to the projected deficits in future years, a plan needs to be developed to maintain a structurally balanced budget.

	(In Millions)				
	Final Budget 2007-08	Forecast			
		2008-09	2009-10	2010-2011	2011-12
Beginning Financing Available	0.9	3.0	5.7	(3.6)	(2.9)
<u>Sources and Needs</u>					
Revenue Growth	45.6	44.1	47.7	51.4	55.5
Increase in Costs:					
Salaries and Benefits	(18.2)	(21.3)	(22.1)	(23.2)	(24.4)
Retirement Increases	(4.3)	(5.4)	(7.9)	(5.2)	(4.9)
Adult Detention Center Staffing	-	(0.1)	(12.7)	(7.2)	-
New Judgeships Staffing	(5.2)	(6.7)	(4.2)	(4.4)	-
Approved Policy Items	(7.8)	-	-	-	-
Other Costs	(8.0)	(7.9)	(10.1)	(10.7)	(9.3)
Total Increase in Costs	(43.5)	(41.4)	(57.0)	(50.7)	(38.6)
Ending Financing Available	3.0	5.7	(3.6)	(2.9)	14.0



CONTINGENCIES

The County Contingencies includes the following elements:

Contingencies

Mandatory Contingencies

Board Policy requires the county to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations, which could not have reasonably been anticipated at the time the budget was prepared. Funding is targeted at 1.5% of locally funded appropriation.

Uncertainties

Any unallocated financing available from current year sources (both ongoing and one-time) that has not been set-aside and any unallocated fund balance carried over from the prior year, is budgeted in the contingencies for uncertainties. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingencies account.

Ongoing Set-Asides Contingencies

The county budget process differentiates between ongoing and one-time revenue sources. Ongoing set-asides represent ongoing sources of financing that have been targeted for future ongoing program needs.

	Contingencies			
	2006-07	2006-07	2007-08	2007-08
	Final	Mid-Year Approved	Approved	Final
	Budget	Contributions/	Contributions/	Budget
		(Uses)	(Uses)	
Contingencies				
Mandatory Contingencies (1.5% of Locally Funded Appropriation)	7,868,404	(770,000)	1,484,220	8,582,624
Uncertainties	16,199,923	(1,470,760)	(112,891)	14,616,272
Ongoing Set-Asides Contingencies				
Future Retirement Costs	7,900,000	(7,900,000)	7,900,000	7,900,000
Jail Expansion (Formerly Future Financing)	2,400,000	(2,400,000)	7,000,000	7,000,000
Future Space Needs	20,000,000	(20,000,000)	20,000,000	20,000,000
Total Contingencies	54,368,327	(32,540,760)	36,271,329	58,098,896

Note: Priority District and Program Needs were previously accounted for in contingencies. This annual allocation of \$2.5 million and any unspent funds from prior years have been consolidated into Board Elective Projects. Board Elective Projects also includes a \$10.0 million one-time allocation from 2007-08 that the Board of Supervisors will utilize to fund specific projects that were not included or unknown at the time of the final budget adoption.



2006-07 Mid-Year Changes to Mandatory Contingencies

For 2006-07 a mid-year Board action authorized the use of \$770,000 of mandatory contingencies to fund certain costs of the Public Defender's office relocation to a new facility.

2006-07 Mid-Year Changes to Contingencies for Uncertainties

For 2006-07 mid-year Board actions authorized the use of \$1,470,760 of the Contingencies for Uncertainties. These allocations include:

- \$710,000 in one-time funding for additional utility costs.
- \$285,723 in one-time funding for sheriff saturation patrol in the City of San Bernardino.
- \$156,258 in one-time funding for the Board of Supervisors.
- \$150,000 in one-time funding to provide additional general fund support to California Children Services.
- \$82,000 in one-time funding for legal services related to the update of the General Plan.
- \$60,000 in one-time funding for illegal dumping surveillance equipment.
- \$15,000 in one-time funding for an illegal dumping reward program.
- \$10,000 in ongoing funding for an illegal dumping reward program.
- \$1,779 in ongoing funding for operation of streaming multimedia and hosting services.

2006-07 Mid-Year Changes to Ongoing Set-Aside Contingencies

- Future Retirement Costs Ongoing Set-Aside:

On June 19, 2007 the Board directed remaining balances in the ongoing set-asides be transferred to the corresponding reserve account per County Budget Financing Policy 02-09. The unspent amount transferred equaled \$7.9 million.

- Jail Expansion (Formerly Future Financing Needs) Ongoing Set-Aside:

On June 19, 2007 the Board directed remaining balances in the ongoing set-asides be transferred to the corresponding reserve account per County Budget Financing Policy 02-09. The unspent amount transferred equaled \$2.4 million.

- Future Space Needs Ongoing Set-Aside:

Mid-year Board actions authorized a one-time use of \$250,000 of this set-aside for initial design and project management costs for the Forensic Crime Lab Project and a one-time use of \$150,000 for initial design and project management costs related to the Master Space Plan. On June 19, 2007 the Board directed remaining balances in the ongoing set-asides be placed in the corresponding reserve account per County Budget Financing Policy 02-09. The unspent amount transferred equaled \$19.6 million.

2007-08 Mandatory Contingencies

The base allocation to the mandatory contingency budget of \$8,582,624 is established pursuant to Board policy, based on projected locally funded appropriation of \$572.2 million.

2007-08 Ongoing Set-Asides Contingencies

As seen in the Reserves section, the county has reserved a significant amount of one-time money that can assist the county temporarily for unforeseen increases in expenditure or reductions in revenues. In 2004-05 the county also began to set-aside portions of ongoing funding for future use. In the 2007-08 final budget the county has earmarked ongoing revenue sources to finance future ongoing expenditures in three different areas: retirement, jail expansion and future space needs.

- **Future Retirement Costs Ongoing Set-Aside:**

For the past few years, the County has seen significant retirement cost increases and predicts additional future increases based on unfunded liabilities that have occurred primarily as a result of lower than expected market returns. The Board has earmarked \$7.9 million in ongoing revenue sources to assist in financing these cost increases at a future date.

- **Jail Expansion (Formerly Future Financing Needs) Ongoing Set-Aside:**

In 2004-05, the Board earmarked \$7.0 million of ongoing money to address the future needs of the County's growing population. In 2006-07, the Board allocated this set-aside to a specific use, increased jail space. The 2006-07 final budget included the use of \$4.6 million of this ongoing set-aside to fund the design costs for the Adelanto Detention Center Expansion Project. In the 2007-08 final budget this set-aside is returned to the \$7.0 million level.

- **Future Space Needs Ongoing Set-Aside:**

Beginning in 2006-07, the Board earmarked \$20.0 million to address future space needs. This is based on a building analysis completed by staff. The space needs of the county continue to grow based on expansion of the area and the programs that service the county's growing population.

RESERVES

The county has a number of reserves (designations) that have been established over the years. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The general purpose reserve are funds held to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County. On January 6, 1998, the Board of Supervisors adopted a county policy to provide guidelines and goals for reserve levels. That policy calls for the county's general purpose reserve to equal 10% of locally funded appropriation. The Board of Supervisors also established special purpose reserves to temporarily help meet future needs.

Total Reserves

	6/30/06 Ending Balance	Approved 2006-07		6/30/07 Ending Balance	Approved 2007-08		6/30/08 Estimated Balance
		Contributions	Uses		Contributions	Uses	
General Purpose Reserve	41,736,865	10,719,160		52,456,025	4,761,467		57,217,492
Specific Purpose Reserves							
Medical Center Debt Service	32,074,905			32,074,905			32,074,905
Future Space Needs	-	19,600,000		19,600,000	20,000,000 (1)		39,600,000
Retirement	14,900,000	15,800,000		30,700,000	7,900,000 (1)		38,600,000
Teeter	17,747,201			17,747,201			17,747,201
Jail Expansion (Formerly Future Financing)	7,000,000	9,400,000		16,400,000	7,000,000 (1)		23,400,000
Juvenile Maximum Security	5,692,986	3,700,000		9,392,986	4,548,220		13,941,206
Capital Projects	4,000,000			4,000,000			4,000,000
Museum's Hall of Paleontology	3,703,030		(3,703,030)	-			-
Business Process Improvement	2,510,606	1,105,550	(3,051,378)	564,778	4,235,222	(2,688,000)	2,112,000
Insurance	3,000,000			3,000,000			3,000,000
Restitution	1,865,025			1,865,025			1,865,025
Justice Facilities	637,153		(517,837)	119,316			119,316
Electronic Voting	500,000	2,278,043	(2,278,043)	500,000			500,000
Moonridge Zoo	-	3,750,000		3,750,000	1,000,000		4,750,000
L&J SWBPI	1,723,987		(1,723,987)	-			-
Equity Pool	1,507,038		(1,507,038)	-			-
Unified Property Tax System	-			-			-
Total Specific Purpose	96,861,931	55,633,593	(12,781,313)	139,714,211	44,683,442	(2,688,000)	181,709,653
Total Reserves	138,598,796			192,170,236			238,927,145

(1) Amounts represent ongoing set-asides that are budgeted in the 2007-08 appropriation for contingencies, and not budgeted as Contributions to Reserves. They are included in this schedule because they are projected to remain unspent at the end of the fiscal year. Per County policy unspent ongoing set-asides at the end of the year will be transferred to the corresponding specific purpose reserve.



2006-07 Approved Contributions

- \$10.7 million to the General Purpose Reserve based on the 2006-07 final budget for countywide discretionary revenue which finances locally funded appropriation.
- \$19.6 million contribution to the Future Space Needs Reserve representing the 2006-07 ongoing set-aside that remained unspent at the end of the 2006-07 fiscal year.
- \$15.8 million to the Retirement Reserve, \$7.9 million approved in the 2006-07 final budget, representing the 2005-06 ongoing set-aside that remained unspent at the end of that fiscal year, and a \$7.9 million contribution representing the 2006-07 ongoing set-aside that remained unspent at the end of the 2006-07 fiscal year.
- \$9.4 million to the Jail Expansion Reserve, \$7.0 million approved in the 2006-07 final budget, representing the 2005-06 ongoing set-aside that remained unspent at the end of that fiscal year, and a \$2.4 million contribution representing the 2006-07 ongoing set-aside that remained unspent at the end of the 2006-07 fiscal year.
- \$3.7 million to the Juvenile Maximum Security Reserve from Probation Department savings in 2005-06.
- \$1.1 million to the Business Process Improvement Reserve to return it to its original balance after funding 2005-06 uses.
- \$2.3 million to the Electronic Voting System Reserve representing unspent Help America Vote Act (HAVA) monies that were received by the Registrar of Voters in 2006-07.
- \$3.8 million to the Moonridge Zoo Reserve.

2006-07 Approved Uses

- \$3.7 million from the Museum Paleontology Reserve for construction of the Hall of Geological Wonders at the County Museum in Redlands.
- \$3.1 million from the Business Process Improvement Reserve. Final budget reserve allocations were \$1.9 million to purchase a Countywide Forensic Science Laboratory Information Management System (LIMS), \$0.1 million to deploy kiosk-reporting systems within the County that will enable low-risk offenders to remotely report to their probation officers, \$0.2 million to the County Library to convert the Apple Valley and Adelanto facilities from barcode technology to radio frequency identification, and a reallocation of \$0.6 million of allocated reserve monies unspent by the Assessor's office in 2005-06. This allocation is for the purpose of creating a system for imaging building records. Mid-year reserve allocations of \$0.2 million include the purchase of a Netfile management system, an IT operational support system, hardware and software for streaming media and hosting services, and hardware, software and equipment for the Computer Aided Facilities Management (CAFM) project.
- \$0.5 million from the Justice Facilities Reserve for the morgue expansion project, an automated medication dispensing system and partial funding of the replacement of a commercial dishwasher.
- \$2.3 million from the Electronic Voting Reserve to remodel the Registrar of Voters offices.
- \$1.7 million from the Law and Justice Southwest Border Patrol Initiative to transfer the remaining balance to a special revenue fund.
- \$1.5 million from the Equity Pool Reserve to assist in funding the 2006-07 costs of approved equity adjustments.



2007-08 Approved Contributions and Uses

For 2007-08 the general purpose reserve is increased by \$4.8 million to conform to Board policy. This increase is based on projected locally funded appropriation of \$572.2 million and will bring the balance of the general purpose reserve to \$57.2 million. The Juvenile Maximum Security Reserve is increased by \$4.5 million, funded by 2006-07 savings from Probation's budget units. The Business Process Improvement Reserve is increased by \$4.2 million which is offset by approved uses of \$2.7 million. Approved uses include \$0.4 million to the Assessor for phone system upgrades and development of mobile appraisal capabilities, \$0.2 million for Public Health web services improvement, \$0.3 million to convert four branch libraries from barcode to radio frequency identification technology, and \$1.8 million for a Sheriff Laboratory information management system. The Moonridge Zoo reserve is increased by \$1.0 million.

The chart below shows recent history of the County Reserve levels.

			County Reserves History						
			Year End Actual Balance					Adopted	
			2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
						</			

